

TERRACAPITAL

NEW HORIZONS FUND

APRIL 2016

	1M	3M
Terra New Horizons	3.1%	-0.6%
ASX All Ords	3.2%	6.5%
Small Ords	3.0%	9.7%
Unit Price	\$1.0652	

FUND PERFORMANCE

During the month the S&P/ASX All Ordinaries Accumulation Index was higher 3.2% while the S&P/ASX Small Ordinaries Accumulation Index was up 3.0%. Against this backdrop the Fund was up 3.1%.

The Unit Price is currently **\$1.07**.

MARKET OVERVIEW

The Australian equity market finished April at near 8 month highs after posting a strong 3.4% gain. Returns were the result of continued gains by the commodity and energy related areas with materials up 14% and energy 8%. The index was dragged lower by weak returns from Consumer Discretionary (-1.7%) (Retail and Media, lower -2.6% and -4.6%, respectively) and weakness across the yield sensitive sectors – Utilities (-0.3%) and Telco's (+0.5%).

Large cap stocks were finally outperformers versus their smaller cap counterparts but this reflected performance by the global reflation stocks rather than a shift in positioning and performance towards the other (long term) large cap underperformers (Banks (+1.5%), Consumer Staples (1.1%) and Telco's (+0.5%)).

Global markets survived a month end sell-off driven by an injection of FX volatility post the BoJ's surprise decision not to extend its current monetary policy easing stance. On the other side of this trade, the USD continued to weaken as the US Federal Reserve maintained its dovish stance and expectations for a resumption in rate hikes were pushed further into the back end of 2016. FX trends were the primary driver of performance differentials across risk assets with the Nikkei (-0.6%) suffering a savage sell-off (in-

line with the appreciating Yen) while commodity sensitive markets benefited from further strength in commodity prices (both reflationary and deflationary trades).

In China, the equity market continued to move in the opposite direction to the recent improvement in growth momentum with the Shanghai Composite falling -2.2% but H-shares rising +1.4%. European markets also posted marginal gains by the German DAX (+0.7%).

OUTLOOK

During April we had a company we've been working with since January, Abundant Produce (ABT), list and perform very well. The stock is up 50% in May (at the time of writing) and we expect share price gains to continue.

During the next 6 weeks we expect to have another company we've been involved with for some time list. The company is called Nvoi and it is a modern, cheaper and more efficient version of a staffing agency. Nvoi is a first mover with an onsite "employer of record" model and comes with a highly experienced management team and a realistic valuation. Currently we hold this stock in the portfolio at 2.5c and the IPO price is 6.0c – further we expect the stock to perform well once listed.

We thank you for your ongoing support and we welcome any questions or feedback.